



## Senate

General Assembly

**File No. 5**

February Session, 2014

Substitute Senate Bill No. 5

*Senate, March 11, 2014*

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR  
PEDIATRIC AUTOIMMUNE NEUROPSYCHIATRIC DISORDER  
ASSOCIATED WITH STREPTOCOCCAL INFECTIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective January 1, 2015*) Each individual health  
2       insurance policy providing coverage of the type specified in  
3       subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the general  
4       statutes delivered, issued for delivery, renewed, amended or  
5       continued in this state shall provide coverage for the diagnosis and  
6       treatment of pediatric autoimmune neuropsychiatric disorder  
7       associated with streptococcal infections.

8       Sec. 2. (NEW) (*Effective January 1, 2015*) Each group health insurance  
9       policy providing coverage of the type specified in subdivisions (1), (2),  
10      (4), (11) and (12) of section 38a-469 of the general statutes delivered,  
11      issued for delivery, renewed, amended or continued in this state shall  
12      provide coverage for the diagnosis and treatment of pediatric  
13      autoimmune neuropsychiatric disorder associated with streptococcal

14 infections.

|   |  |  |
|---|--|--|
| This act shall take effect as follows and shall amend the following sections: |  |  |
|---|--|--|

|           |                        |             |
|-----------|------------------------|-------------|
| Section 1 | <i>January 1, 2015</i> | New section |
| Sec. 2    | <i>January 1, 2015</i> | New section |

***Statement of Legislative Commissioners:***

Title was corrected.

***INS***      *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

## **OFA Fiscal Note**

### **State Impact:**

| <b>Agency Affected</b>   | <b>Fund-Effect</b>   | <b>FY 15 \$</b> | <b>FY 16 \$</b> |
|--|----------------------|-----------------|-----------------|
| State Comptroller - Fringe Benefits (State Employee and Retiree Health Accounts) | GF, TF - Cost        | At Least 12,747 | At Least 25,493 |
| The State  | Indeterminate - Cost | At Least 9,840  | At Least 19,680 |

### **Municipal Impact:**

| <b>Municipalities</b>  | <b>Effect</b>        | <b>FY 15 \$</b> | <b>FY 16 \$</b> |
|------------------------|----------------------|-----------------|-----------------|
| Various Municipalities | STATE MANDATE - Cost | At Least 4,186  | At Least 8,373  |

### **Explanation**

The bill will result in a cost to the state employee and retiree health plan<sup>1</sup>, municipalities, and the state, for providing coverage for the diagnosis and treatment of pediatric autoimmune neuropsychiatric disorder associated with streptococcal infections (PANDAS). The total estimated cost to the state in FY 15 is at least \$16,933 and \$33,866 in FY 16. This cost is attributable to 1) the estimated cost to the state plan in FY 15 and FY 16 of at least \$12,747 and \$25,493 respectively and 2) the cost to the state pursuant to the federal Affordable Care Act (ACA) (see below) in FY 15 and FY 16 of at least \$9,840 and \$19,680 respectively. The cost to fully insured municipalities in FY 15 and FY

<sup>1</sup> The state employee and retiree health plan is a self-insured health plan. Pursuant to federal law, self-insured health plans are exempt from state health mandates. However, the state has traditionally adopted all state health mandates.

16 is at least \$4,186 and \$8,373 respectively.<sup>2</sup>

The cost estimates exclude the cost of diagnostic and treatment procedures which are already covered by health plans and/or required under current law. These include, but are not limited to, laboratory tests to confirm streptococcal infections, antibiotic treatment for streptococcal infections, and other behavioral and mental health pharmaceutical and/or therapeutic treatments for those neuropsychological conditions which may present in individuals believed to suffer from PANDAS. The actual cost to the state plan to provide coverage for treatment not otherwise covered will depend on the number of individuals diagnosed with PANDAS who receive treatment which is considered investigational and/or experimental, including off-label drug use and the state's cost sharing arrangement.<sup>3</sup> The state plan does not currently provide coverage for experimental/investigational treatments or off label drug use except in specific circumstances involving individuals with cancer. Secondly, the cost to the state pursuant to the ACA may be underrepresented as it is uncertain at this time if the enrollment information reported reflects the total number of covered lives by exchange plans or the number of individuals who purchased a policy. Lastly, the cost to the state plan and municipalities may be mitigated to the extent the plans are able to utilize administrative methods such as prior authorization to approve treatment regimens.

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<sup>2</sup> The estimated cost is based on the per member per month (PMPM) impact as estimated by Optum actuaries in the 2013, *Review and Evaluation of Certain Health Benefit Mandates in Connecticut*, p. iv. (University of Connecticut Center for Public Health and Health Policy, issued December 31, 2013, REVISED). The cost estimate for the state employee plan is based under 65 plan membership as of February 2014; municipal impact is based on Dept. of Labor employment information as of December 31, 2013; state impact based on Exchange enrollment is as of January 2014. The pmpm cost basis is based on a fully insured model which includes treatment costs and utilization trends. This may be different than the actual cost to the state plan which is self-insured and therefore pays the actual cost of claims incurred as opposed to a set premium to insurers.

<sup>3</sup> For example, there are no professional guidelines which recommend the use of prophylactic antibiotic regimens or immune based treatments such as intravenous immunoglobulin (IVIG) to treat PANDAS (Ibid, p. 10).

## **Municipal Impact**

As previously stated, the bill may increase costs to certain fully insured, municipal plans that do not currently provide coverage for the diagnosis and treatment of PANDAS not otherwise covered by the plan. The coverage requirements may result in increased premium costs when municipalities enter into new health insurance contracts after January 1, 2015. In addition, many municipal health plans are recognized as “grandfathered” health plans under the ACA.<sup>4</sup> It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of certain municipal plans under ACA. Pursuant to federal law, self-insured health plans are exempt from state health mandates.

## **The State and the federal ACA**

Lastly, the ACA requires that, the state’s health exchange’s qualified health plans (QHPs)<sup>5</sup>, include a federally defined essential health benefits package (EHB). The federal government is allowing states to choose a benchmark plan<sup>6</sup> to serve as the EHB until 2016 when the federal government is anticipated to revisit the EHB.

While states are allowed to mandate benefits in excess of the EHB, the federal law requires the state to defray the cost of any such additional mandated benefits for all plans sold in the exchange, by reimbursing the carrier or the insured for the excess coverage. State mandated benefits enacted after December 31, 2011 cannot be considered part of the EHB for 2014-2015 unless they are already part of the benchmark plan<sup>7</sup>. However, neither the agency nor the mechanism for the state to pay these costs has been established.

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<sup>4</sup> Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010.

<sup>5</sup> The state’s health exchange, Access Health CT, opened its marketplace for Connecticut residents to purchase QHPs from carriers, with coverage starting January 1, 2014.

<sup>6</sup> The state’s benchmark plan is the Connecticare HMO plan with supplemental coverage for pediatric dental and vision care as required by the ACA.

<sup>7</sup> Source: Dept. of Health and Human Services. *Frequently Asked Questions on Essential Health Benefits Bulletin* (February 21, 2012).

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to 1) inflation 2) the number of covered lives in the state, municipal and exchange health plans, and 3) the utilization of services.

Sources: *Department of Labor*  
*Office of the State Comptroller*  
*Office of the State Comptroller State Health Plan, Health Benefit Document as of July 2013*  
*University of Connecticut Center for Public Health and Health Policy Review and Evaluation of Certain Health Benefit Mandates in Connecticut, 2013 (REVISED)*

**OLR Bill Analysis****sSB 5*****AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR PEDIATRIC AUTOIMMUNE NEUROPSYCHIATRIC DISORDER ASSOCIATED WITH STREPTOCOCCAL INFECTIONS.*****SUMMARY:**

This bill requires certain health insurance policies to cover the diagnosis and treatment of pediatric autoimmune neuropsychiatric disorder associated with streptococcal infections (PANDAS).

It applies to individual and group policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including coverage under an HMO plan. Due to the federal Employee Retirement Income Security Act (ERISA), state insurance benefit mandates do not apply to self-insured benefit plans.

EFFECTIVE DATE: January 1, 2015

**BACKGROUND*****PANDAS***

According to the National Institute of Mental Health, PANDAS includes cases of children and adolescents with obsessive compulsive disorder or tic disorders whose symptoms worsen after streptococcal infections.

***Related Federal Law***

The federal Patient Protection and Affordable Care Act (P.L. 111-148) allows a state to require health plans sold through the state's health insurance exchange to offer benefits beyond those included in the required "essential health benefits," provided the state defrays the

cost of those additional benefits. The requirement applies to benefit mandates enacted after December 31, 2011. Thus, the state is required to pay the insurance carrier or enrollee to defray the cost of any new benefits mandated after that date.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 16      Nay 3      (02/25/2014)